

## **MEDIA RELEASE**

### **Regnan governance research and engagement**

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#### **40 POTENTIAL LOSERS, 50 WINNERS IN S&P/ASX200 FROM CLIMATE CHANGE**

New comparable research on every S&P/ASX200 company has revealed that at a carbon price of \$30/tonne, over forty companies could suffer material earnings losses greater than 5% per annum.

The research has also revealed climate change presents significant opportunities for more than fifty S&P/ASX200 companies.

Conducted for Regnan by Monash Sustainability Enterprises (MSE), the research evaluated information from the Carbon Disclosure Project, the most recent financial year disclosures of S&P/ASX200 companies and operational data to model the exposure levels of all 200 companies.

MSE's research is the most comprehensive of its type and will fill a significant information gap for investors wanting to compare climate change exposure and opportunity for listed companies.

The research includes analysis of factors impacting potential winners and losers such as regulatory exposure, weather impacts, location of assets, and product and market opportunities, for example the ability pass costs on to customers.

Regnan's Managing Director, Erik Mather said, "Despite the rapid acceleration of climate change impact from a financial perspective, companies are under-reporting climate change risk and opportunity to investors."

"This research shines a penetrating light into the climate change prism and reveals a full spectrum of financial implications that investors need to know," Mr. Mather said.

Key results from the study include:

- Greenhouse Gas (GHG) intensity issues are more widespread than previously thought. Forty three companies within the S&P/ASX200 index have GHG intensities above 1750 tonnes CO<sub>2</sub>-e per \$M EBITDA, over 5% of earnings at a carbon price of \$30/tonne. 5% of earnings is a common accounting benchmark for material impact.
- Twenty-two of the most GHG-intensive companies in the S&P/ASX200 index do not disclose GHG emissions to the market.
- Only 36% of S&P/ASX200 index companies that currently disclose historical GHG emissions show declining GHG intensity.
- 25% of S&P/ASX200 companies were identified as having greater opportunity than risk from weather related or market changes.
- More than half of the S&P/ASX200 companies fail to provide any evidence of climate change risk assessment.
- Clear and comprehensive consideration of climate change risks and opportunities in company strategy is evident in only ten S&P/ASX200 companies.
- Weather impacts on earnings are rising as drought and extreme weather cause production stoppages, project delays, impacts to supply chains, rising input costs, reduced sales and increased underwriting costs. In some cases the earnings impacts were greater than 30% in 2006/07.



“With impending emissions trading and more severe weather impacts forecast, the time to thoroughly understand the financial impacts of climate change is now,” Mr. Mather said.

“Institutional Investors, especially UN Principles for Responsible Investment signatories, want funds managers to properly assess climate change impacts on listed companies and invest their funds accordingly,” Mr. Mather said.

**For further information or to discuss the research contact Nathan Fabian: 02 9299 6995 / 0412 128 486**

#### **About Regnan**

Regnan was formed in 2007 out of the proven engagement model and resources of BT Financial Group’s Governance Advisory Service. Regnan is owned by eight major institutional investors: ARIA; BT Investment Management; Hermes UK; HESTA Super; NSW Local Government Superannuation Scheme; Vanguard; VicSuper; and VFMC. Regnan provides quantitative data on company Environmental Social and Corporate Governance performance for mainstream funds management. The research, including this climate change research, is distributed via Goldman Sachs JBWere’s PortfolioWise platform.

#### **About Monash Sustainability Enterprises**

Monash Sustainability Enterprises (MSE) was established in July 2000 as a consulting, advocacy, and training arm of the Monash Centre for Environmental Management. MSE is involved in a number of research initiatives to promote more sustainable practices in the investment and finance sectors. Through its former partnership with the BT Financial Group and now with Regnan, MSE pioneered the practical application of environmental and social rating and analysis for financial institutions in Australian financial markets.

#### **About Goldman Sachs JB Were**

Goldman Sachs JBWere is a pre-eminent financial services organisation that provides a wide range of investment, advisory, financing, securities, execution, asset and wealth management services to a substantial and diversified client base including corporations, financial institutions, governments and high net worth individuals. We seek to be the adviser of choice for our clients throughout Australasia and, as part of the Goldman Sachs network, provide leading capabilities that extend to financial markets globally.